Sustainable Investments Annual Program Review

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November 16, 2026

CalPERS



Sustainable Investments Annual Program Review

Sustainable Investments

November 16, 2026

Contents

Business Updates & Key Initiatives

Targets and KPIs | Annual Progress

Annual Program Review

Appendix

Business Updates and Key Initiatives

SI 2030 Strategy | Objectives

1. Generate **outperformance** by investing in climate solutions and emerging and diverse managers
2. Increase **portfolio resilience** by fully integrating sustainability analysis
3. Implement a **thoughtful path to Net Zero** through investments, engagement and advocacy
4. Promote greater **inclusion and representation** in the financial industry and the global economy
5. Build and promote **efficient and equitable** financial markets through advocacy and regulatory action

‘Top of Mind’ Questions for Sustainable Investments

Are we on track for the $100 billion?

How does Sustainable Investments fit with Total Portfolio Approach (TPA)?

Are we on track for Net Zero?

What’s the latest in ‘Sustainability Integration’?

Sustainable Investments Team Update

What’s the state of play in the climate market – and what about AI?!

State of Play in Sustainable Investing | The Interplay of Megatrends

Climate 3.0

1.0 **Clean-Tech**
2005–2010

2.0 **Paris Alignment & Net Zero**
2015–2022

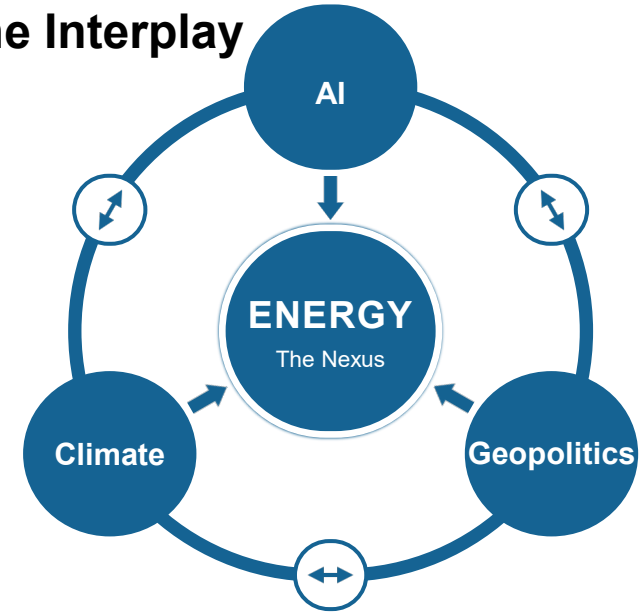
3.0 **Pragmatism & Affordability**
Today

Market shift: Idealism to Pragmatism, from Aspirations to Affordability, invest at scale in climate to make attractive returns.

Performance

- **Public markets:** Decarbonization strategies have underperformed, while other climate segments with strong 'green revenues' have outperformed (e.g. renewables)
- **Privates:** Market data shows climate PE and infrastructure funds are largely in line with 'non-climate' funds, but no consistent outperformance for 'climate funds'

The Interplay



Nexus is **ENERGY**, which is favorable for climate solutions (renewables and efficiencies)

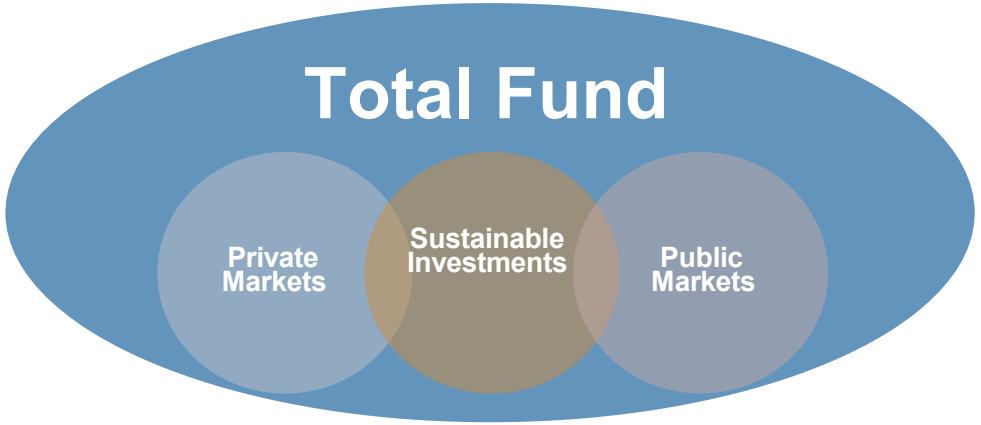
Forward looking: continued focus on low-cost solutions, resource efficiency and speed to market, favorable for climate solutions · Artificial intelligence (AI) as an investment driver · rising importance of **Adaptation & Resilience**

What Will Keep Us Busy this Fiscal Year…

- **Continuing towards the $100 billion**
- **Responsible artificial intelligence (AI): Asset manager and corporate engagement, AI safety, partnerships with other investors**
- **Emerging Manager build-out: Apply the success of private equity (PE) to other asset classes**
- **Assessing public climate investment opportunities**
- **Advocacy and Engagement: Shareholder rights are under attack — vital that CalPERS have a leading voice to protect our rights and those of other shareholders**

SI, TPA & Collaboration

SI has been well integrated across the Total Fund since the outset, and TPA complements and further promotes our collaborative culture



SI provides support and expertise across a variety of sustainability areas:

- Stakeholder engagement
- Advocacy
- Partnerships
- Sustainability networks
- Sustainability reporting
- Stewardship support
- Human capital
- Climate investing
- Emerging Manager investing
- Sustainability Integration and climate risk assessment

Program Overview

Portfolio & Performance

- **$71 billion**[1] in climate solutions investments
- **Portfolio emissions** intensity fell 9% (but reflects asset appreciation / denominator effect)
- **Financed emissions** rose, driven by acquisitions of transition assets – intentional decarbonization thesis
- Allocated **$13.4 billion** to diverse managers and **$2.6 billion** to emerging managers[2]

People

- **Human Capital Management:** Implementation of Labor Principles, RCP Policy Annual Review, Lenox Park DEI survey, Labor Market Study underway
- **Sustainable Investments team**: 5 positions being filled, including 2 new positions (Emerging Manager and Investment Officer I) plus a Stanford Fellow

Process

- **Sustainability Integration:** (i) private markets integration roadmap, and (ii) Labor Principles Scoring Framework for public markets
- **Regulatory advocacy**, corporate engagement, Climate Action 100+, EDCI and other partnerships
- 45+ stakeholder engagements, 20+ standard-setting engagements and letters
- Total Portfolio Approach
- **Responsible AI**

(1)As of June 30th, 2026; Total does not include committed uncalled capital.
(2)Figures are not mutually exclusive due to the overlap between diverse and emerging characteristics.

Targets and KPIs | Annual Progress Update

OBJECTIVE		KPI	TARGET	STATUS
1	Generate Outperformance	Sustainable Investments performance relative to asset class benchmarks	Outperformance in each asset class	Monitoring
2	Increase Portfolio Resilience	Periodic Total Fund climate risk reporting	At least annually	✓
		Proportion of investments with sustainability analysis integrated in diligence process	100% of new investments	✓
3	Pathway to Net Zero by 2050[1]	Investments in Climate Solutions	$100B by 2030	✓
		Monitor and report carbon footprint and emissions intensity by asset class	At least annually (subject to data availability)	✓
4	Promote Inclusion and Representation	Cumulative investments with diverse and/or emerging managers	Provide yearly update	✓
		Completion of Partnership Insights external manager survey	Provide yearly update	✓
		Percentage of diverse public corporate board directors	Provide yearly update	✓
5	Improve Financial Markets Efficiency	Compliance with Responsible Contractor Program (RCP) Policy	100% compliance for annual report	✓
		Percentage of Global Public Equity engaged annually	Engage 50% of GPE AUM	✓
		Proxy voting and corporate engagements update	Provide yearly update	✓

(1) Note that the CalPERS portfolio is not on track for Net Zero by 2050

1 Generate Outperformance

Generate **outperformance** through investments in Climate Solutions and Emerging Managers

- We assess and monitor Climate Solutions and Emerging Manager (EM) portfolio performance and that of the market on an on-going basis. Directionally, we are seeing the following:

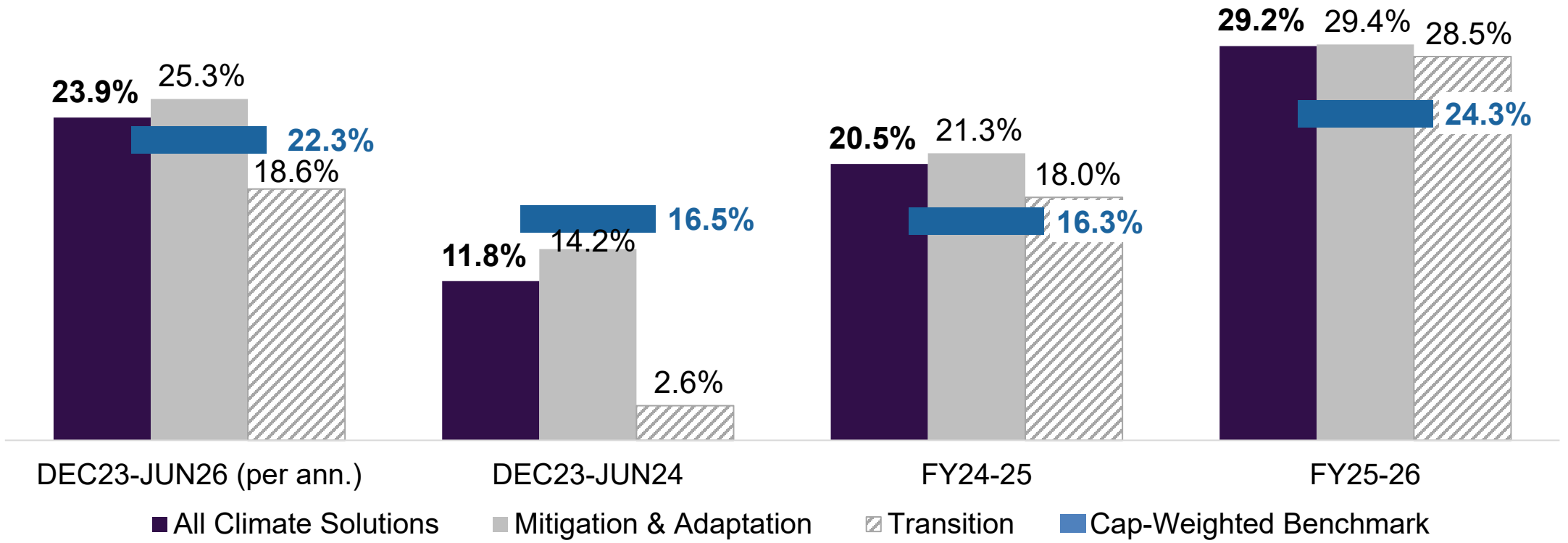
Emerging Managers:
- Non-intermediated investments in emerging or diverse manager funds have outperformed over the past decade
- For 'Fund of Fund' investments, it depends on timeframe: 10 years – neutral; 5 years – outperformance; 3 years – underperformance

Climate Solutions:
- Public markets: 'Climate Solutions' as a category have exhibited outperformance in GPE, but the public equity 'Climate Transition Index' has not (primarily due to AI underexposure). Currently, performing a research project on prevalence of climate alpha in public markets
- Private markets: Committed over $3.3Bn to 14 climate focused funds[1] since 2024 that are still in the initial stages of their investment life cycle; private markets funds typically have a 3-5 year deployment period and are understood to be long-term investments. We are tracking early performance; the analysis does not yet provide meaningful insights as most investments are still marked at cost and funds are still in the “j-curve” phase

(1) Some funds are not 100% climate solutions

1 Generate Outperformance | Climate Solutions Performance

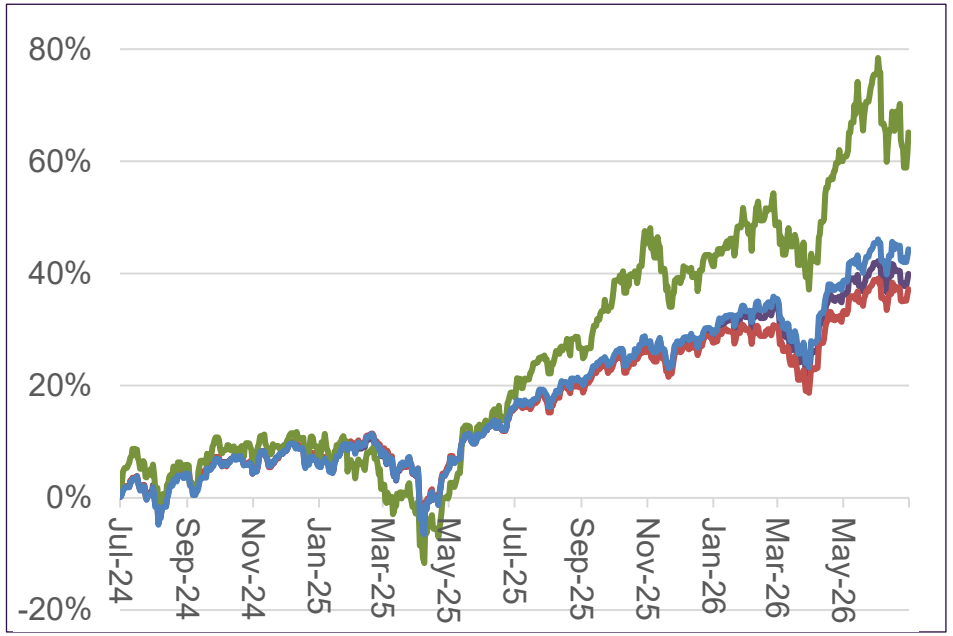
- Global Public Equities' Climate Solution holdings(1) have outperformed the cap-weighted index since the launch of CalPERS' Climate Action Plan, although the relative performance has been volatile
- Mitigation and Adaptation solutions have consistently outperformed Transition solutions(2)



(1) Climate solution holdings are calculated by multiplying holdings by their underlying assets' climate solution ratio, i.e., the share of the asset's activity that we consider to be a climate solution. The climate solution ratio equals 100% for Transition assets and the asset's green revenue ratio for Mitigation and Adaptation solutions.
(2) Transition, Mitigation, and Adaptation climate solutions described in CalPERS' Climate Solutions taxonomy in the Appendix

1 Generate Outperformance | Climate Transition Index (CTI)

- **Pure-play climate solutions strategies** (green line) delivered significant upside, but with higher risk than the cap-weighted index
- **Portfolio decarbonization strategies** (red line) significantly underperformed the cap-weighted index despite low tracking error
- Our **Climate Transition Index** (purple line) performed as expected over its first 18 months, but, despite its overweight in climate solutions, underperformed the cap-weighted index in the first half of 2026, negatively affected by its semiconductors underweights, which surged on the AI build-out, and by its carbon-efficiency tilt.



Strategy	Cumulative Performance[1]	Volatility	Tracking Error[2]	Sharpe Ratio[3]
Climate Solutions Composite Index[1]	65.2%	20.2%	11.1%	1.41
Cap-Weighted Index	44.3%	13.0%	-	1.55
Climate Transition Index	40.0%	12.8%	1.05%	1.43
Portfolio Decarbonization Composite Index[1]	37.2%	13.1%	1.27%	1.31

Time period: 7/1/24-06/30/26

(1) Underlying strategies forming the representative composite are listed in the appendix.
(2) Realized tracking error for July 2024–June 2026, measured against each strategy's benchmark or, for composites, against the weighted benchmark of the composite's underlying strategies.
(3) Measure of risk-adjusted performance, calculated as annualized performance divided by annualized volatility.

1 Generate Outperformance | Emerging Managers

- GCM Domestic Emerging Manager (DEM) funds have delivered performance broadly in line with or above both the PE Policy Benchmark and the overall PE portfolio over longer periods, but underperformed in the 3-year period
- The combined DEM portfolio outperformed the PE portfolio by 3.7% over five years, while trailing by 0.3% over ten years and 5.9% over three years
- Longer-term results indicate that fund-of-funds can be a pathway for accessing emerging managers

Emerging Manager Fund of Fund & GP Stake Performance Summary - Net of Fees
Private Equity Asset Class (as of 6/30/2026)

Partnership[1] - Emerging Manager Focus	Ending Asset Value (M)	10 - Yr			5 - Yr			3 - Yr		
		Total Return	Excess Return vs. PE Policy BM	Excess Return vs. PE Portfolio	Total Return	Excess Return vs. PE Policy BM	Excess Return vs. PE Portfolio	Total Return	Excess Return vs. PE Policy BM	Excess Return vs. PE Portfolio
Private Equity	**$ 123,571**	**13.1%**	**-0.6%**		**11.9%**	**0.8%**		**14.0%**	**-4.5%**	
GCM Grosvenor DEM I	$ 25	5.8%	-7.9%	-7.3%	1.2%	-9.9%	-10.7%	-5.7%	-24.1%	-19.7%
GCM Grosvenor DEM II	$ 187	10.8%	-2.9%	-2.3%	10.8%	-0.4%	-1.1%	4.1%	-14.3%	-9.9%
GCM Grosvenor DEM III	$ 631	-	-		19.3%	8.2%	7.4%	10.3%	-8.2%	-3.7%
DEM I, II, and III	**$ 843**	**12.8%**	**-0.9%**	**-0.3%**	**15.6%**	**4.5%**	**3.7%**	**8.1%**	**-10.4%**	**-5.9%**
GCM Grosvenor Elevate I	$ 68	-	-	-	-	-	-	-	-	-
TPG NEXT (A), L.P	$ 44	-	-	-	-	-	-	-	-	-
Elevate and NEXT	**$ 112**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Private Equity Policy Benchmark			**13.7%**			**11.1%**			**18.5%**	

[1] Private Equity Partnerships time weighted rate of returns are net of investment expenses and are computed by State Street Bank. Market values are based on General Partners' most recent received financial statements and any cash adjustments made through the reporting date.

Excess Return Legend:
Underperformance compared to policy/portfolio benchmark

Outperformance compared to policy/portfolio benchmark

(1) Private Equity Partnerships time weighted rate of returns are net of investment expenses and are computed by State Street Bank. Market values are based on General Partners' most recent received financial statements and any cash adjustments made through the reporting date.

2 Increase Portfolio Resilience

Increase **portfolio resilience** by accelerating the integration of sustainability analysis, including climate risk analysis, into the investment diligence process and portfolio management

Sustainability Integration Enhancements:



Development of private markets sustainability integration roadmap



Targeted retroactive review of existing private markets manager's sustainability programs in progress



Improved the Labor Principles Scoring Framework by integrating RepRisk[1] to perform weekly, news-based monitoring of sustainability issues across public and private asset classes

(1) RepRisk is a third-party data provider that screens public news, media and other sources daily to identify environmental, social and governance (ESG) risk incidents linked to companies and projects.

2 Increase Portfolio Resilience | Responsible AI Approach

Responsible AI is **integrated through the same framework** that guides our broader sustainability program, from risk management to value creation

01 Risk Management

- AI governance and data
- Model reliability
- Cybersecurity
- Human capital

02 Long-term Value Creation

- New markets and themes
- Energy infrastructure growth
- Operational efficiency
- Labor productivity

OUR APPROACH

Engagement, Proxy Voting, and Partnerships

Engaging GPs and public companies on AI oversight and human capital, and working with partners such as PRI and ILPA

Investment Underwriting

Informed by our sustainability integration due diligence, where AI is an emerging area of focus

PROGRESS TO DATE

AI proxy voting guidelines

Developed guidelines to hold directors accountable for failing to oversee AI risks

100+ public company engagements

AI governance and human capital were standing topics in our 2026 engagements

Due diligence enhancements

AI is now an emerging area of focus in our sustainability due diligence on managers

Industry partnerships

Working with industry partners to drive common Responsible AI standards

2 Increase Portfolio Resilience | Systematic Integration of Labor Principles

- Labor Principles are being integrated in GFI's investment life-cycle (pre/post-investment, engagement)
- RepRisk complements our Labor Principles Scoring with weekly news-based monitoring

Issuer	Sector	Novelty	Labor Principles Event	Labor Issues Involved
[redacted]	Consumer Services	New	[redacted] and franchise holder [redacted] faces allegations of union busting and poor working conditions in Norway	Freedom Of Association And Collective Bargaining, Human Rights Abuses And Corporate Complicity, Occupational Health And Safety Issues, Poor Employment Conditions, Negligence, Privacy Violations, Salaries And Benefits
[redacted]	Finance	Re-Occurring	[redacted] faces US lawsuit alleging racial discrimination and other issues	Discrimination In Employment, Human Rights Abuses And Corporate Complicity, Poor Employment Conditions, Violation Of National Legislation, Racism/Racial Inequality, Salaries And Benefits

2 Increase Portfolio Resilience | Climate Risk Profile[1]

- Our globally diversified public markets portfolio is following a 2.9°C warming trajectory, reflecting a global economy that is not on track to meet the Paris Agreement's goals despite a prevalence of corporate decarb commitments
- This warming trajectory implies rising physical climate risk across the portfolio, strengthening the case for adaptation strategies as sources of both resilience and investment opportunity

Implied Temperature Rise



Portfolio[1]: 2.9°C

(2025: 2.7°C)

Market (MSCI ACWI IMI): 3.0°C

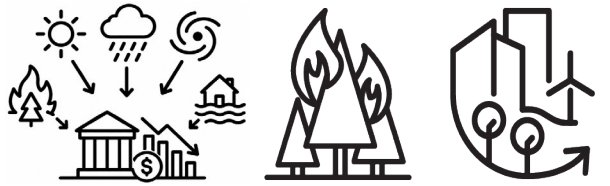
Commitments



84%
Have GHG Reduction Targets

34%
Aligned with Below-2°C Scenarios

Climate Risk Financial Impact[2]



Warming Scenario	Estimated Annual Impact
3.0°C	-0.57%
2.0°C	-0.38%
1.5°C	-0.33%

Physical (Macro) | Physical (Direct) | Transition

[1] Analysis restricted to Global Public Equity and US Corporate Credit portfolio holdings due to data availability. CalPERS' portfolio is not on track to hit net zero by 2050.
[2] As of June 30, 2026. Estimates are based on MSCI's Climate Value-at-Risk (Climate VaR) model, which projects the financial impact of climate-related policies and physical damages on portfolio holdings through 2100 under different global warming scenarios. The estimate represents the loss (annualized) the portfolio could incur if markets were to price in all modeled future climate costs at once, assuming none are reflected in current prices.

3 Pathway to Net Zero

- Climate solution investments rose to $71 billion on market appreciation and new investments
- Financed emissions also increased despite improved carbon efficiency, largely reflecting the acquisition of climate transition assets: carbon-intensive holdings with ambitious, credible, economically viable decarbonization plans
- Emissions intensity measured in terms of dollars invested declined in part because of portfolio appreciation

Climate Solutions



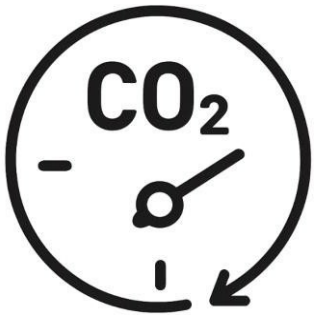
$71.0 ↑
Billion
(2025: $59.7 Billion)

Financed Emissions[1]



20.8 ↑
Million tCO_2e [2]
(2025: 19.7 Million tCO_2e)

Emissions Intensity

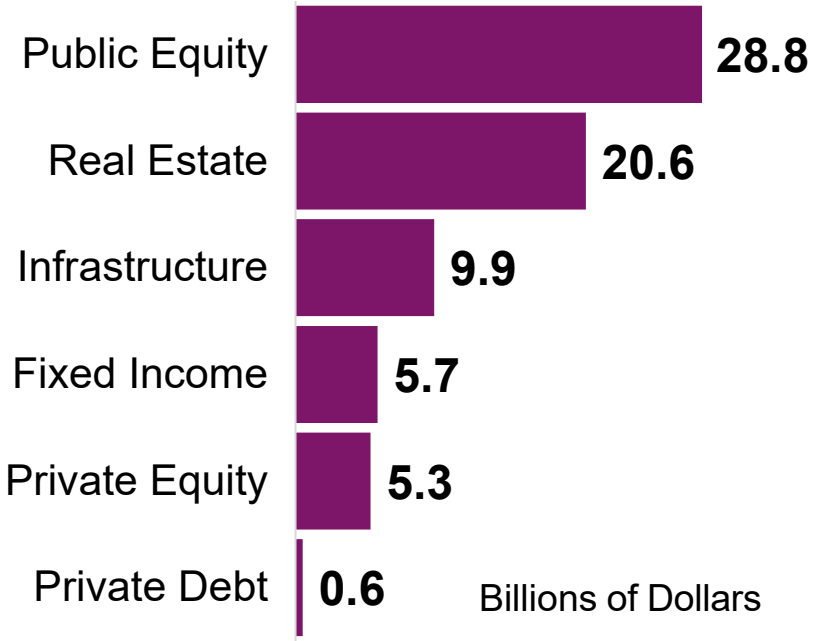


38.8 ↓
tCO_2e/$ MM Invested [2]
(2025: 42.6)

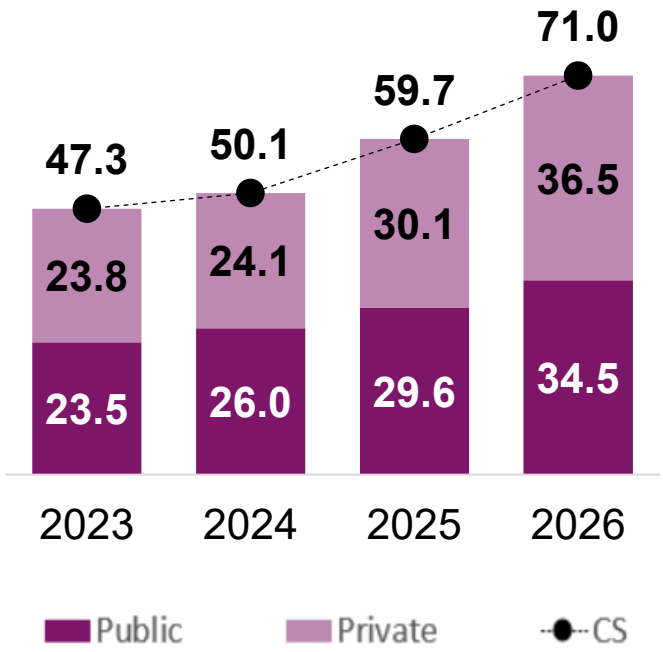
[1] Financed Emissions and Emissions Intensity are based on holdings and emissions data available as of 06/30/26. Estimates cover holdings in Global Public Equity, U.S. Corporate Credit, Private Equity, Private Debt, Infrastructure, and Real Estate. Contributions from Private Debt and Private Equity and Infrastructure assets are estimated using median carbon intensities derived from comparable assets in public markets.
[2] tCO_2e stands for tonnes of carbon dioxide equivalent. It is the standard unit of measurement used to express the total climate impact of all greenhouse gas emissions combined into a single, comparable figure.

3 Pathway to Net Zero | Climate Solutions (CS)

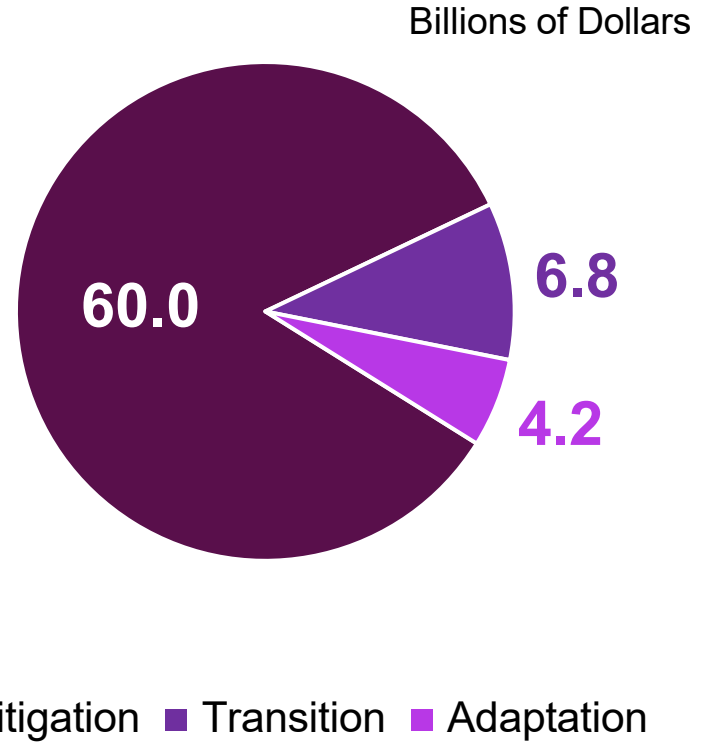
Asset Class Composition



$71.0 Billion
(2025: $59.7 Billion)



Types of Solutions[1]



[1] Mitigation, Transition and Adaptation solutions are defined in the CalPERS' taxonomy in Appendix

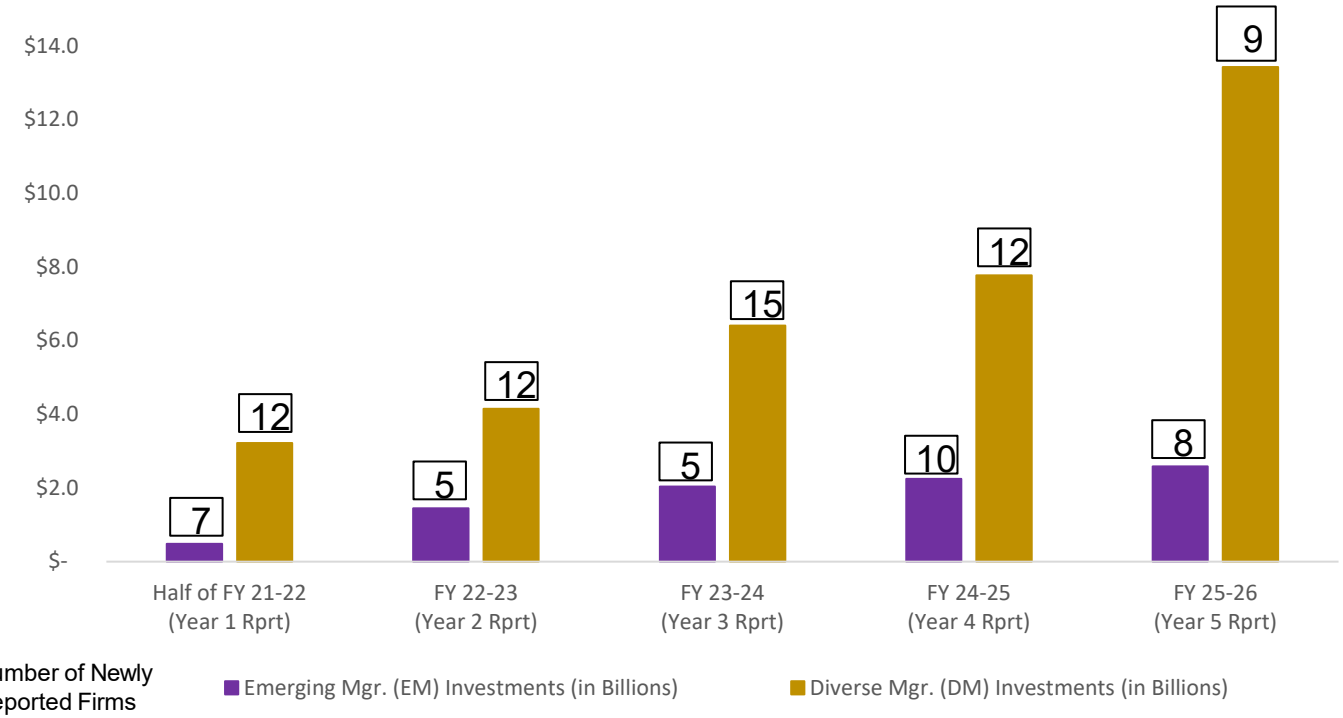
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4 Inclusion and Representation | Emerging and Diverse Managers

- Investments of $2.6 billion in 20 emerging managers, and $13.4 billion in 40 diverse managers during FY 2025-26
- Cumulative new investments since 2022 total $8.8 billion with emerging managers, and $35.0 billion with diverse managers

Cumulative New Investments[1]	
Diverse Managers	
$35.0 Billion	60 Firms
Emerging Managers	
$8.8 Billion	35 Firms

AB 890 Diverse and/or Emerging Manager New Investments[1]



(1) Methodology consistent with CalPERS' Assembly Bill 890 reporting (Chapter 472, Statutes 2021) and includes co-investments. The information regarding emerging managers encompasses CalPERS investments made through direct relationships, including with fund of fund advisors, as well as with underlying funds in fund of funds. Information regarding diverse managers encompasses CalPERS investments with both emerging and non-emerging managers

4 Inclusion and Representation | 2026 Partnership Insights Survey

- Lenox Park survey showed that CalPERS had more diverse managers than the pension funds in its universe
- External manager **responses increased to 97%,** and are insightful for human capital management (HCM)

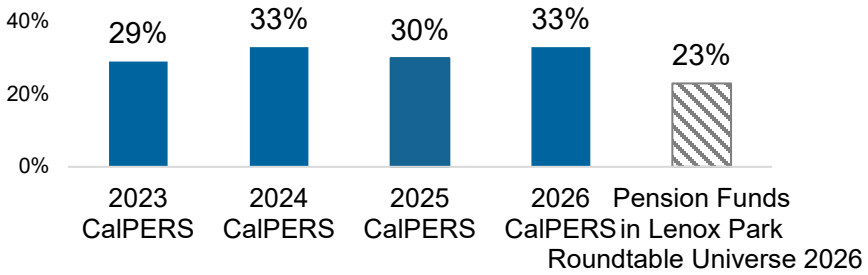
External Manager ESG and AI Practices

81% have a policy identifying & managing ESG

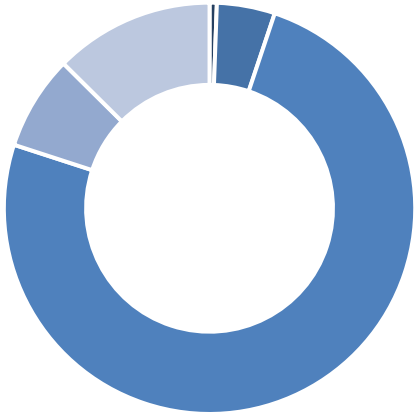
57% report having AI governance, policy, &/or oversight

CalPERS Definition of Diverse Managers Benchmarking

CalPERS & Other Pension Funds Diverse Managers
(CalPERS Substantially + Majority Diverse Definitions)

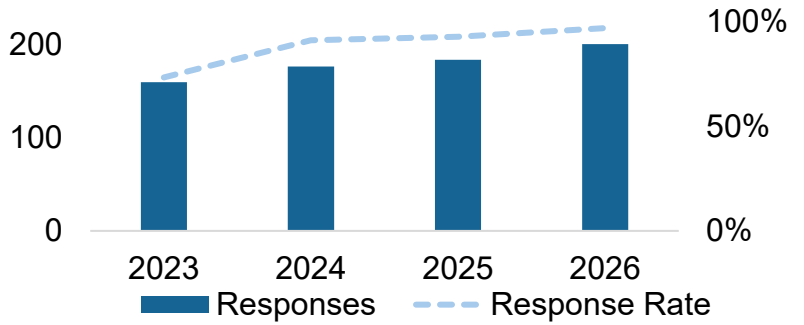


80% DEI Commitment Stayed the Same or Increased

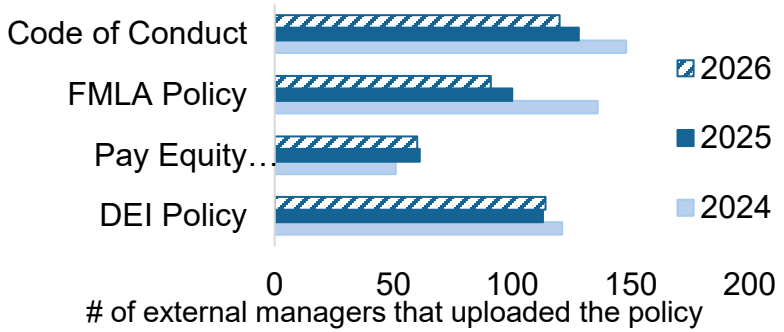


- Increased significantly 0.57%
- Has increased 4.57%
- Stayed the same 74.86%
- No information 7.43%
- Declines to specify 12.57%

Lenox Park Survey Responses



HCM Related Business Policies



5 Improve Financial Markets

- INVO team conducts engagements with stakeholders, policy makers, and portfolio companies
- Hundreds of engagements take place each year

Stakeholder Engagements

45+ **Across multiple sustainability topics**

Advocacy Engagements

20+ **Policy and standard-setting engagements and letters**

Global Public Equity Engaged Annually

50% **Of GPE AUM** (Fiscal Year 2025-26)

2025-2026 Proxy Voting and Corporate Engagements[1]



>11,000 Meetings Voted
>98,000 Ballot Items



Opposed 410 Directors for Climate Oversight Concerns



Opposed 45% of Say-on-Pay Proposals (U.S.)



370 Public Company Engagements Representing $121B AUM



Climate Action 100+ 20 Companies



Opposed 1,960 Directors for Human Capital Mgmt./Diversity Concerns

(1) CalPERS' Global Public Equity Annual Program Review. September 2026 Investment Board Meeting.

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5 Improve Financial Markets | Communication & Partnerships

CalPERS is responsible for preparing reports and conducting several annual assessments

Sustainable Investments Related Reports

- CalPERS Climate Report and Response to SB 964
- Emerging and Diverse Manager Report AB 890
- CalPERS for California Report

Committees

- Climate Action 100+ Steering Committee
- Council of Institutional Investors (CII) Board
- Human Capital Management Coalition (HCMC) Chair
- ESG Data Convergence Initiative (EDCI) Steering Committee
- United Nations Net Zero Asset Owner Alliance
- Healthy Markets, K&L Gates, Global Infrastructure Investor Association (GIIA)
- Task-force on Inequality and Socially-related Financial Disclosures (TISFD)
- MSCI Climate Leadership Group
- New America Alliance (NAA) and 100 Women in Finance Boards
- Global Private Capital Association (GPCA) Board

Sustainable Investments Assessments

- UN Net Zero Asset Owner Alliance assessment
- PRI annual total fund sustainability survey
- External manager Partnerships Insights Survey
- Labor Market Study RFP

Additional Committees and Activities

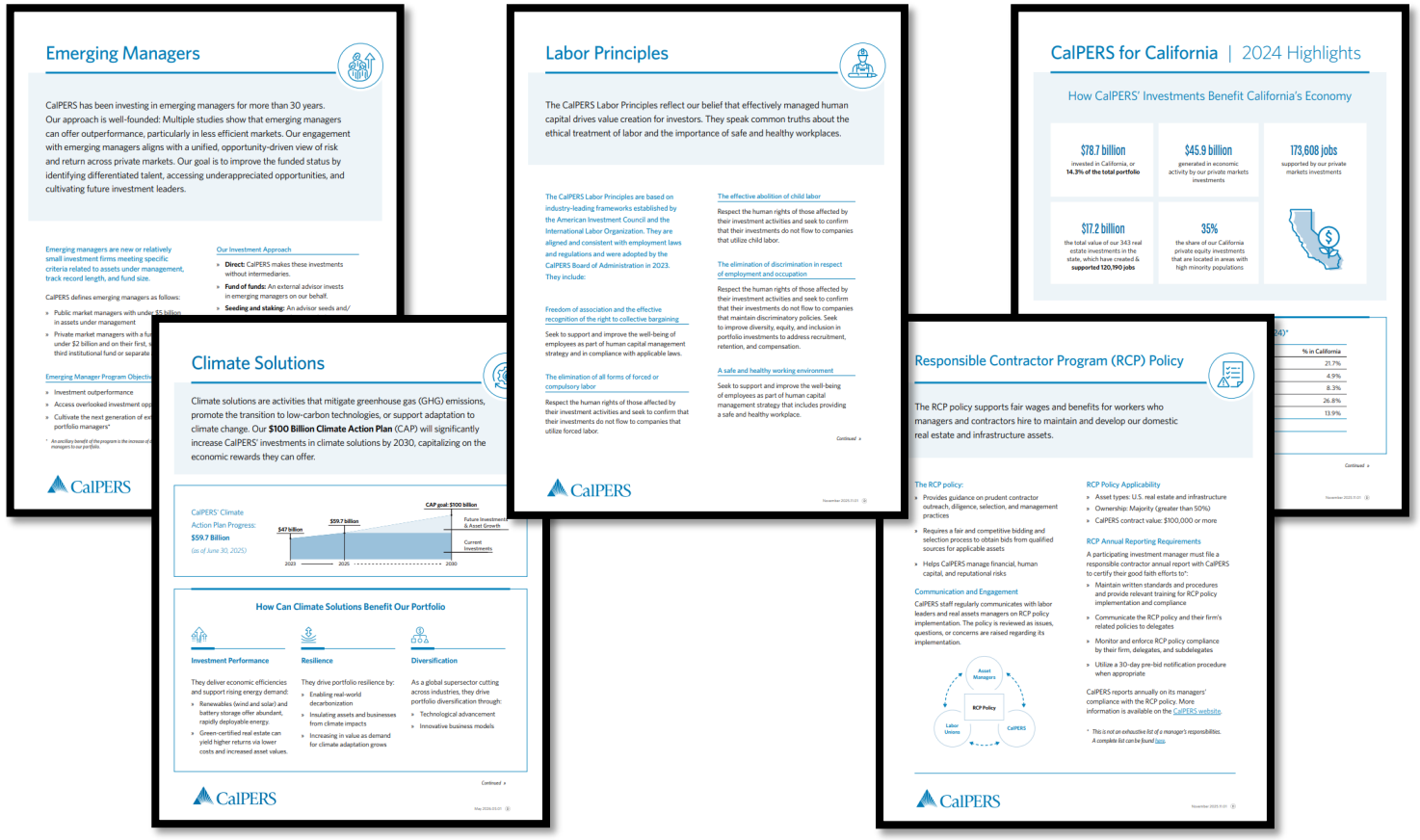
- CalPERS' Federal Legislative and Policy Priorities
- Stakeholder Engagement Process
- WEF Responsible AI Playbook for Investors
- ILPA and PRI ESG working groups
- Energy Optimization Initiative for Real Estate
- Emerging/Diverse Manager stakeholder participation
- Ownership Works
- NCREIF Reporting Standards Council and Sustainability Committee
- CRREM (Carbon Risk Real Estate Monitor) Board

5 Improve Financial Markets | Communication & Partnerships

Communicating CalPERS' Approach on Sustainability

Sustainable Investments Fact Sheets[1]

- Labor Principles
- Emerging Managers
- CA Report
- Responsible Contractor Program Policy
- Climate Solutions



(1) Link to CalPERS' Sustainable Investments Fact Sheets
(2) Factsheets are currently being updated
(3) A new Factsheet on Sustainability Integration will be developed this fiscal year

Appendix

Climate Solutions | CalPERS' Taxonomy

CalPERS considers investments as eligible for **full** or **partial** 'climate solutions' classification if their **underlying activities** or **purpose** fall into one of three categories:

1. **MITIGATION**: **Directly reduce** or **enable** the **reduction of GHG emissions** at scale

2. **TRANSITION**: Operate in **hard-to-abate sectors**[1] with a **credible decarbonization plan**[2], consistent with the latest state of climate science and technological capabilities

3. **ADAPTATION**: Enhance **climate resilience** by **preventing** or **reducing harm** to humans, assets, and natural systems, caused by acute and chronic effects of climate change

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1 Sectors with major technological and economic barriers to decarbonization, including (but not limited to) heavy industrial activities (e.g., cement, steel, chemicals) and transportation (trucks, ships, planes).
2 SBTi (Science Based Targets Initiative) and TPI (Transition Pathway Initiative) are key frameworks for assessing decarbonization strategies.

Climate Strategy Composites | Objectives and Constituents

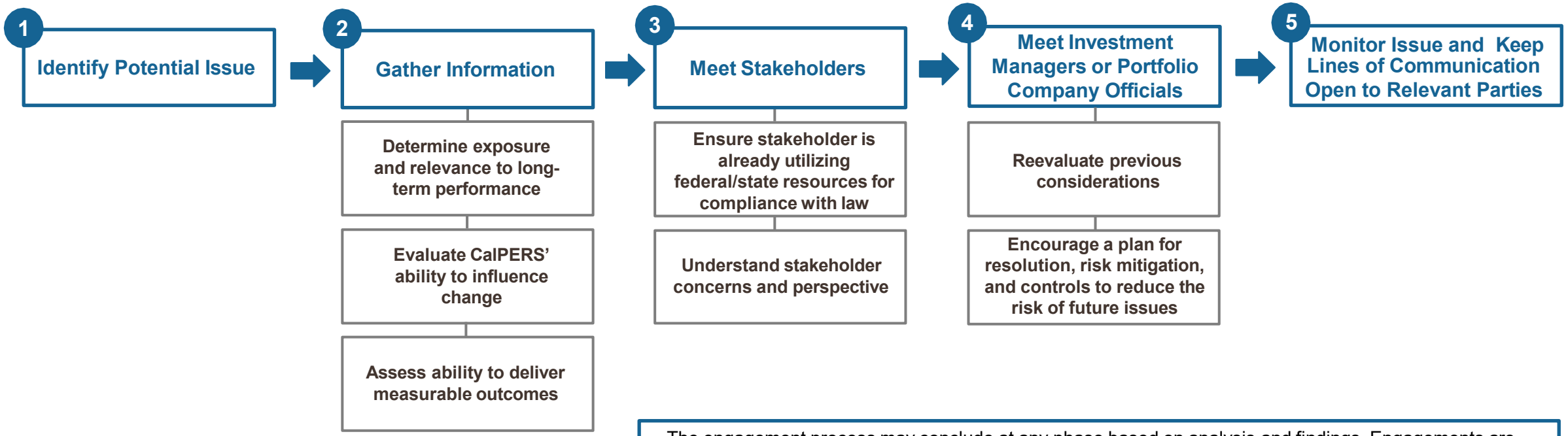
Composite	Objective	Climate Strategy Composite Constituents	Bloomberg Ticker
Portfolio Decarbonization	To reduce portfolio-level emissions intensity, in line with Paris Agreement objectives	FTSE Developed Paris-Aligned PAB Index	AWDEPABU Index
		MSCI ACWI Climate Paris Aligned PAB index	MXACCLPA Index
		RAFI Multi-Factor Climate Transition CTB Developed Index	RMFCTDUT index
		S&P Global LargeMidcap Carbon Budget Climate Index	SPGCBCUT Index
		Solactive J.P. Morgan AM Carbon Transition Global Equity CTB Index	JPMIGCTN Index
Climate Solutions	To invest in high green revenue ratio companies enabling the transition to Net Zero	FTSE Environmental Opportunities All Share Index	EOASUTR Index
		MSCI Global Environment Index	M2CXUNB Index
		S&P Global Clean Energy Transition Index	SPGTCLTR Index

CalPERS' Labor Principles

- **Freedom of association and the effective recognition of the right to collective bargaining**
  - Seek to support and improve the well-being of employees as part of human capital management strategy and in compliance with applicable laws
- **The elimination of all forms of forced or compulsory labor**
  - Respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that utilize forced labor
- **The effective abolition of child labor**
  - Respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that utilize child labor
- **The elimination of discrimination in respect of employment and occupation**
  - Respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that maintain discriminatory policies. Seek to improve diversity, equity, and inclusion in portfolio investments to address recruitment, retention, and compensation
- **A safe and healthy working environment**
  - Seek to support and improve the well-being of employees as part of human capital management strategy that includes providing a safe, harassment-free and healthy workplace

Stakeholder Engagement Process

- We promote collaboration, support, and transparency through our stakeholder engagement and investor relations initiatives
- We strive to identify and mitigate risks to our portfolio companies that can negatively affect CalPERS' investment returns, reputation, and trust



The engagement process may conclude at any phase based on analysis and findings. Engagements are confidential and CalPERS is not obligated to share information on specific engagements with the public.

CalPERS' Sustainability Integration

What guides us?

CalPERS' Policies

CalPERS' Total Fund Investment Policy | Governance & Sustainability Principles (including Labor Principles) | CalPERS Investment Beliefs

Sustainability Framework

Sustainability Integration Strategy | Asset Class Tailored Integration Frameworks

When and where?

Pre-Investment

- Manager & investment selection
- Due diligence questionnaires (DDQs)
- Investment underwriting memo

At Investment

- Investment agreements
- Side letters

Post-Investment

- Monitoring & reporting
- Limited Partner Advisory Committee (LPAC)
- Manager engagement

What tools & levers?

Private Markets

- Sustainability DDQ
- ESG Data Convergence Initiative (EDCI)
- GRESB, sustainability certifications
- Fund meetings and portfolio company updates
- GP TCFD / climate annual reporting
- Dedicated internal integration staff

Public Markets

- Universe screening
- Exclusion list
- Input into credit and equity analysis
- CalPERS' Proxy Voting Guidelines
- Direct engagement with portfolio companies
- SASB, Transition Pathway Initiative and TCFD/ISSB

Percentage of diverse public corporate board directors

S&P 500:

- Gender: 100% of S&P 500 companies have at least one female director
- Under-Represented Groups: 99% of S&P 500 have at least one diverse director

Russell 3000:

- Gender: 96% of R3000 companies have at least one female director
- Underrepresented Groups: 88% of R3000 have at least one diverse director

Source: ISS data as of 07/01/2026

CalPERS Climate Report and Response to Senate Bill 964

CalPERS November 2025 response to the California Senate Bill (SB) 964 references the International Financial Reporting Standards Foundation (IFRS) S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB). The framework consists of four climate-related parts:

- **Governance**
- **Strategy**
- **Risk Management**
- **Metrics and Targets**

CalPERS' approach on climate change is anchored by our Sustainable Investment Objectives to generate outperformance through **investments** in climate solutions and to increase portfolio resilience and improve financial markets efficiency with our **advocacy**, **engagement**, **integration**, and **partnership** activities across our portfolio.



Advocacy and Regulatory Action

Comment Letter, Amicus Briefs, Sign-on Statements





- Comment letter to the SEC on Rescission of Climate-Related Disclosure Rules
- Comment letter to the SEC on proposed rule related to Public Company Reporting Framework and executive compensation disclosure
- Comment letter to the SEC on the proposal to allow semiannual reporting in lieu of quarterly reporting
- Comment letter to the SEC on disclosure requirements under Regulation S-K
- Comment letter to the UK FCA on adopting UK Sustainability Reporting Standards aligned with the ISSB framework (IFRS S1 and S2)
- Comment letter to U.S. Equal Employment Opportunity Commission (EEOC) on its proposal to rescind all EEO-1 and related workforce demographic reporting and recordkeeping requirements
- Survey responses to the ISSB Exposure Draft on proposed amendments to the SASB Standards for 1. Human capital and H&S topics and 2. Electric Utilities
- Comment letter to the EFRAG on simplification of the ESRS under the EC Omnibus package
- Comment letter to CARB on implementation of SB 253 (Climate Corporate Data Accountability Act) and SB 261 (Climate-Related Financial Risk Act)
- Comment letter to the EPA on the proposed rescission of the 2009 endangerment finding that greenhouse gases threaten public health and welfare

Meetings & Engagements



- Meetings with SEC Commissioners and staff
- Members of Congress and CA State Legislature and staffers on existing or potential legislation and regulatory issues impacting CalPERS Investments
- Met with California Air Resources Board (CARB) on SB 253 and SB 261 climate disclosure law implementation
- Meetings and education provided to domestic and international government regulators, pensions, and sovereign wealth funds